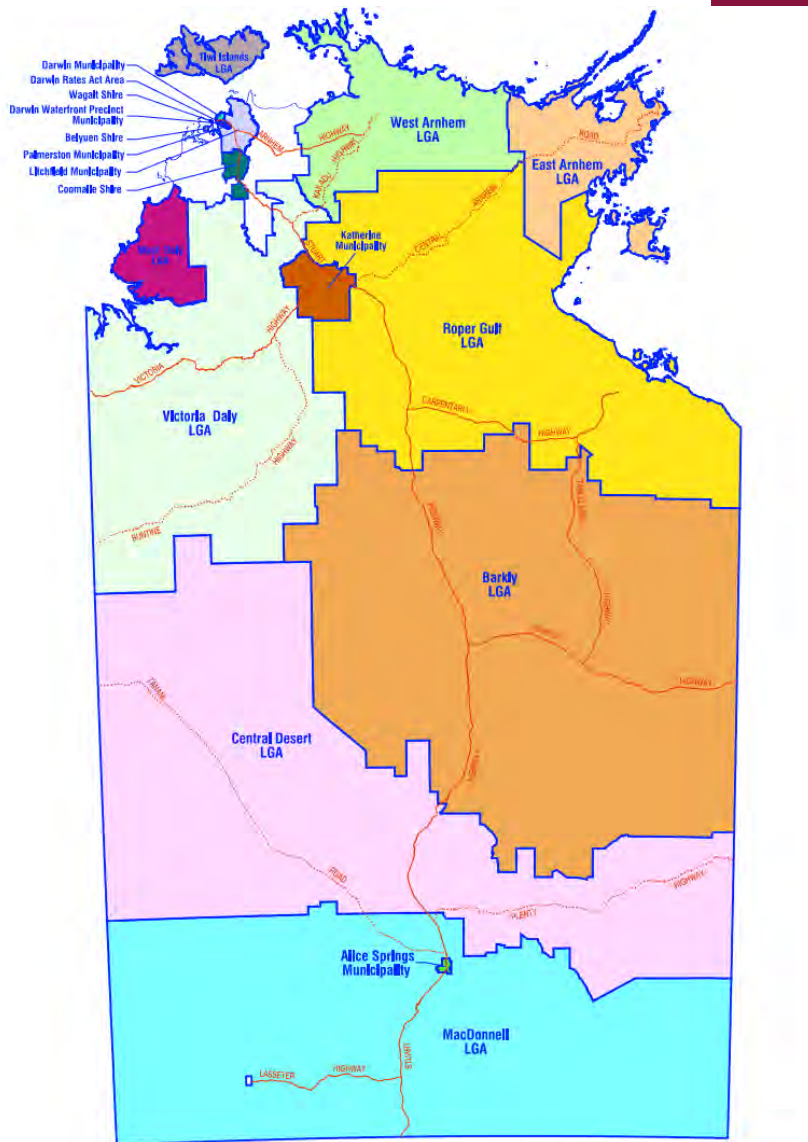


# councilBIZ

## 2020/2021 Annual Report



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## Overview

### Strategic Plan

As part of a review process, the councilBIZ strategic plan was revised and refreshed throughout the year to reflect the new time horizon of 2020-2025. This Annual Report is the last report for the original strategic plan that was developed in August 2015 at a Board Strategic Planning Day. For the purposes of this Annual Report for that last year, we regard the development of a new and refreshed Strategic Plan as a key outcome for the future direction of service provision by councilBIZ for our Member Councils. It is for this reason why the new strategic plan is featured in this Annual Report for year ending 30 June 2021.

### councilBIZ 2025

The councilBIZ Strategic Plan, councilBIZ 2025, contains the following statements of strategic intent:

#### Our Vision

Inspiring and enabling members and customers through creativity, innovation and enterprise.

#### Our Mission

We work in a collaborative partnership across our member Councils, delivering value based high quality service.

We do this by actively engaging with our customers, supporting each other and being alert, flexible and future focussed in a rapidly changing environment.

#### Our Values

**Integrity** We will display integrity in our dealings and in our work

**Responsiveness** We will be responsive and focussed to the current and future needs of our customers

**Innovation** We will foster and support innovation in all aspects of our work

**Accountability** We will be accountable and open in all of our dealings

**Respect** Everyone will be treated with respect

#### Strategies and Goals

1. Service – Deliver service using innovation and creativity
2. Innovation – Foster and support innovation
3. Technology – Assess and implement new solutions that use appropriate technology
4. People – Organise for success
5. Governance – Do the right thing in the right way

## Background

councilBIZ is a Local Government Subsidiary as defined by the *Local Government Act* with the following members:

- Barkly Regional Council
- Central Desert Regional Council
- East Arnhem Regional Council
- MacDonnell Regional Council
- Roper Gulf Regional Council
- Tiwi Islands Regional Council
- Victoria Daly Regional Council
- West Arnhem Regional Council
- West Daly Regional Council
- Local Government Association of the Northern Territory (LGANT).

The Regional Councils (“Member Councils”) are financial members however, LGANT is not.

Each member nominates one person to be their representative at Board meetings of councilBIZ. The Chair of the Board was Mr Jeff MacLeod, the Chief Executive Officer of MacDonnell Regional Council. The Chair of the Board has subsequently changed for the following financial year to Mr Daniel Findley, the Chief Executive Officer of West Arnhem Regional Council

The Board held meetings in October, February and June. The Board has focussed on a number of matters throughout the financial year consistent with the original 2015-2020 strategic plan as well as the revised focus pertaining to the subsequent years beyond 2021. In summary, the Board focused on a number of topics including, the implications of the revised Local Government Act, a review of councilBIZ constitution to ensure its readiness for the future, a review of the strategic plan (as previously mentioned) and a proposal involving network consolidation opportunities as a solution to the pending requirement to move from delivering ‘on-premise software solutions’ to network cloud capable delivery of a range of software solutions fit for Member Council purpose.

The Board has an Executive Committee that meets every second odd month (except January), and an Audit and Risk Management Committee. It should be noted that with the pending change of focus away from ‘on-premise’ delivery into a cloud ready environment, the Executive Committee has agreed to meet monthly for the ensuing year of 21/22.

The Executive Committee comprises of four members of the Board and the Chair is the Chair of the Board.

The Audit and Risk Management Committee (ARMC) members in 20/21 (or part thereof) comprised of the Chair of the Board and two external independent members. The Chair of ARMC was originally Ms Elizabeth Tan who is an independent member. The Chair of the ARMC was changed to Ms Carolyn Eagle. Further the appointment of a new external independent member being Danny Moore, as well as the appointment of Matthew Eastham (being a Member Council CEO) as councilBIZ Board Representative for the ensuing year.

councilBIZ has a Chief Executive, and the organisation has a total staffing complement of sixteen. The organisation operated from leased premises at 60 Winnellie Road, Winnellie throughout the year.

The external auditors was BDO, of 72 Cavenagh Street, Darwin NT 0801. It was determined to change councilBIZ external auditors to Merit Partners (of 2/9 Cavenagh St, Darwin 0800) who have undertaken those services for the yearend 20/21 for the first time.

## Chairman's Message

I am delighted to present the 2020-21 Annual Report. I would like to acknowledge and thank my predecessor, Mr Jeff MacLeod, for his enormous contribution and leadership of the councilBIZ Board over many years. Having been nominated and accepted that nomination by the councilBIZ Board to undertake the Chair role, I have some enormous shoes to fill.

It has been another year of uncertainty with the continuing impacts of the most significant public health and economic crisis in living memory.

First, let me thank the Board Members past and present for their contribution throughout the year. Being relatively new to the councilBiZ Board, and certainly new in the role of Chair, I think it is important to acknowledge that Board Members hold difficult duties and obligations as Board Members, as well as ensuring their own Member Council interests in the shared service model is executed well.

The Board has continued to focus on key strategic initiatives including reporting on outcomes associated with the councilBIZ strategic plan *councilBIZ 2025*, adoption of many and varied policy positions against the backdrop of the councilBIZ Governance Framework, consistent review of the adopted Long Term Financial Plan, the monitoring of Financial Processing Service Fee Costs and consideration of options available to expand our shared service offering. Importantly, the new Local Government Act gave the Board the opportunity to provide some thought leadership on the current councilBIZ model and commentary to the Minister consistent with the *councilBIZ 2025* strategic plan.

The extensive and complex key strategic initiative to:

- ensure optimum network management and transparency to increase service standards,
- simplify network design (and remove duplication of services) and management,
- increase network coverage and capacity (through greater uptake and deployment of the East Arnhem proof of concept success from late 2019),
- all to be delivered at the same or reduced cost, and
- move councilBIZ and its Member Councils towards being cloud ready,

remained paramount throughout the year. With many if not all software delivered to Member Councils moving from an 'on-premise' delivery model to a 'cloud software-as-a-service' model, and in particular ERP solutions and Microsoft Office 365, there remains the imperative to ensure any software applications used today and into the future by Member Councils can be delivered in such a cloud based environment and ecosystem.

Importantly the consolidation and monitoring of earlier significant achievements during previous years have included a desktop review of the system options available for Enterprise Resource Planning (ERP), the adoption and monitoring of the Information Communication Technology Service Level Agreement (ICT SLA), implementation of the ICT Strategic Plan, and ensuring consistency and the structured approach to Business Software Support training.

The Board maintained throughout the year its strong focus on policy development which was geared towards compliance with the current and future Local Government Act and Regulations and the councilBIZ

Constitution. All but three policies remain outstanding for good governance and the Board is expected to adopt those outstanding policies in the coming months.

As was reported last year, risk management aspects of governance that culminated in the completion of a Strategic Risk Review and the adoption of a Risk Management Policy, remained a key focus. The ever changing nature of the ICT ecosystem, and in particular away from on premise delivery models to cloud delivery approaches has meant that councilBIZ must strive to ensure that its Member Councils can operate effectively in a cloud only environment -not an easy feat at all given the tyranny of the territory distances and the ever present limitation of data carriageways.

councilBIZ has had its first full year of operation from its new offices at T27/60 Winnellie Road, Winnellie. The feedback from staff and visitors alike has been enormously positive.

I would like to thank the staff of councilBIZ for their dedication and drive in often difficult circumstances. The ongoing uncertainty around Covid19 that persists has been challenging but has also seen a team rise to the occasion. For those times of shut downs and restrictions, it is truly a testament to the systems and processes established and maintained by councilBIZ that enables Council staff to continue delivering services to their constituents (albeit if only in a digital context).

Finally, a big thank you must go to Mr Brendan Dowd who ended his tenure as Acting General Manager at the end of the financial year – his contribution was substantial in often trying times and will endure for many years to come. To the newly appointed Chief Executive, Mr Greg Troughton, I look forward to working with him and the councilBIZ team to achieve all that is necessary for Member Councils to receive best in class fit for purpose services so that each Member Council can be even better positioned to deliver services to their communities.

I look forward to working with each Board Member (and their associated Member Council) to ensure our communities are well placed to receive best in class shared services from councilBIZ.

Daniel Findley

Chair

## **CouncilBIZ Strategy**

### **What councilBIZ planned to deliver in 2020-21 and associated commentary:**

councilBIZ successfully delivered services to its Member Councils in the following areas.

#### **1. INFORMATION TECHNOLOGY**

Server Infrastructure

Rack space in the Government Data Centre (“GDC”) for councilBIZ and member equipment

Servers in the GDC and councilBIZ office

Routers & Switches

Data backup

Desktop Citrix environment

External application access via the portal

#### **IT Support**

1st Level email & phone help desk support

2nd Level help desk support

3rd Level IT server support

#### **Application Hosting**

Server Operating Systems in the GDC Microsoft Office

Citrix

TechnologyOne Financials

InfoCouncil

Magiq Documents

E-Tools

PropertyWise and Water Billing

In 2020/21 the IT section focused efforts on the following:

ICT Strategic Plan

The development of an ICT Strategy was achieved to align business objectives with technology, with a strong focus on mobile/cloud first technologies.

Network Redesign



Various opportunities were canvassed throughout the year in order to continue to improve network design, infrastructure and management, improve network security and centralise billing with the objective of increasing services to Member Councils at or below existing costs. This work continues and remains a focus for the ensuing financial year. The cloud readiness of various Member Councils continue to differ and councilBIZ continued to assist where possible in rolling out the cloud readiness achieved with the proof of concept success at East Arnhem Regional Council.

#### Office 365

Continue efforts towards transitioning Councils onto the Microsoft Office 365 platform. When in place, this will give councilBIZ simplified licensing, more effective collaboration tools (such as Teams), greater resiliency for Email services and promote a mobile first environment. The O365 platform will be the stepping stone to transition more services to the cloud, with a long term plan to replace the current document management systems.

## **2. BUSINESS SOFTWARE SUPPORT (BSS)**

The Business Support Section provided application implementation, support and training, with vendor assistance when required, in the following business applications:

TechnologyOne Magiq Documents InfoCouncil

Unfortunately the creation of a Centralised Knowledge Management Repository accessible by all the Member Councils was presented with some difficulties throughout the year. The plan to create and include all the Manuals, Webinars, Videos, How-to- Processes, Seminar notes etc. was waylaid with a focus on ensuring production of cloud readiness and network opportunity information to the Board for its consideration. Further, the loss of key staff throughout the financial year caused this project to be substantially delayed.

BSS will continue with the training calendar as agreed and deliver at least 3 days of onsite training/consulting to Member Councils. Again, with the loss of staff, management are exploring various options to deliver this requirement.

## **3. PROCESSING**

The processing section provided processing services utilising the provided applications upon request from a Member Council on a fee for service basis, separate from the core Members Fees. Each service has an agreed set of key performance indicators.

Services currently provided are;

West Daly Regional Council – Finance, AP, AR, Rates, Payroll, Records

Victoria Daly Regional Council – Rates, Payroll

Barkly Regional Council – Payroll

## Tiwi Islands Regional Council – Rates

Throughout the year, there was some agreed changes to the Services sought by West Daly Regional Council and this reduction in services is likely to continue as the Member Council grows its own staff and culture. Despite the reduction (pending or otherwise), service delivery continued with a desire to be of service to more Member Councils.

### 4. PROCUREMENT

The continued focus throughout the year was to provide considered advice to Member Councils as to their IT hardware needs in the environment and ICT ecosystem provided by councilBIZ and other providers.

### 5. INNOVATION

The innovation focus remained on seeking to ensure that councilBIZ and Member Councils are best placed in using the best business solutions and technology available to deliver an exceptional customer experience to our Member Councils. Innovation has continued to focus on pathways to ensure all of the various “Software as a Service” options in a cloud ready environment are and remain available to Member Councils. The movement towards cloud based products and services can change the way Member Councils operate, to reviewing existing systems and processes and ensuring that we continue working in the most effective manner by sharing best practice solutions between our Members to scale organisational improvements.

To ensure that CBIZ understand the needs of the Member Councils we were focused on enhancing communication in a variety of ways. Some communication projects for 2020/21 were;

- ☐ Developing a system to provide best practices to the Board.
- ☐ Meeting with each Member Councils to ensure needs are being identified.
- ☐ Reporting on open issues in councilBIZ
- ☐ Providing ongoing updates on innovation and project progress with particular focus on cloud-based opportunities consistent with *councilBIZ 2025* Strategic Plan

Technology opportunities continued to be benchmarked against alternatives to ensure that councilBIZ are continuing to use the best affordable solutions that we have available to us. This process has followed on from the ERP system review and the ICT strategic review.

It is anticipated that the work undertaken in the year ending 20/21 will continue to generate a broad range of opportunities for the councilBIZ Board to consider in order to ensure cloud readiness and the benefits of “Software as a Service” with an aim to improve our overall service delivery.

## **6. MANAGEMENT**

In 2020/21 management focus was primarily on the following:

### **Strategy**

- Continued implementation of the *councilBIZ 2025*

### **Policy**

- Completed review of all organisational policies (except for three) and referred all for Board endorsement (where appropriate)
- Developed new policies where required in high risk areas e.g. governance, finance, HR

### **Compliance**

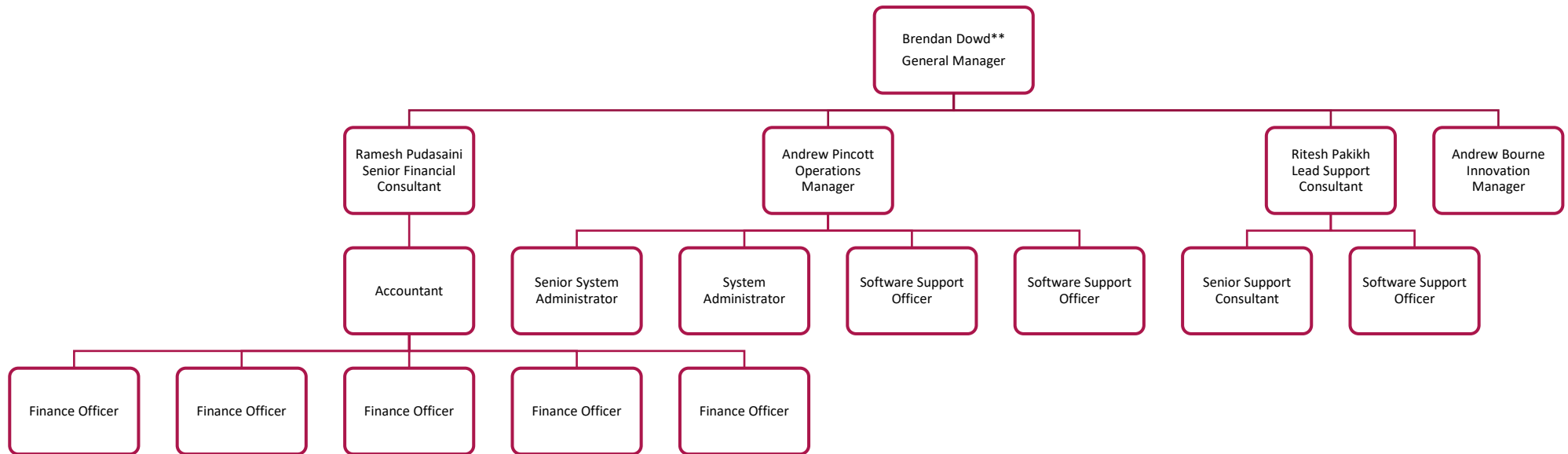
- Reviewed compliance against the Local Government Act (2019) and the Local Government (General) Regulations when available and this review continues for the ensuing year

### **Governance**

- Increased focus on innovation
- Finalised and monitored the IT SLA
- Organisational Development strategies under development
- Cost benefit analysis (Core, Outsourced and Shared Services)
- Business Continuity and IT Disaster Recovery Plan developed
- Implement a Staff Training Plan (still under review given new Chief Executive)
- Increased focus on Risk Management
- Relationship development with Member Councils and other stakeholders continued to ensure councilBIZ is delivering best in breed and fit for purpose services for their Member Councils.

## Organisational Structure

Please note – the following structure was in place for the substantial portion of the financial year ending 30 June 2021. Unfortunately the Senior Financial Consultant and Lead Support Consultant ceased employment with councilBIZ late in the financial year and measures were taken to ensure continuity of service provision for those areas, subject to the new Chief Executive reviewing needs and ongoing structures beyond the financial year end.



\*\* Brendan Dowd – Acting General Manager (Greg Troughton commenced as the new Chief Executive on 21 June 2021)

Employees are employed subject to the CouncilBIZ Enterprise Agreement 2017

## councilBIZ Infrastructure

councilBIZ was established to facilitate the efficient provision of administration, information technology and financial services, and councilBIZ boasts an impressive array of on premise, cloud based, infrastructure technologies, to support its Member Councils.

Application and desktop delivery is accomplished via the latest Citrix Farm.

## councilBIZ Services

Utilising the array of infrastructure that councilBIZ provides for its members, councilBIZ hosts the Technology One financial, property and asset management suite of software, Magiq Documents (InfoXpert) document management, InfoCouncil agenda management, the full suite of Microsoft Office productivity software for use by the Member Councils. Some additional software databases are hosted for individual members. Helpdesk services are offered for both general network and hardware support and assistance with the common hosted software.

councilBIZ, along with all of its members, has insurance provided through a trust arrangement established 1 July 2018.

Training in the use of business software continued inhouse, remotely and through the use of end user training videos. The rollout of Technology One modules, also continues on an ongoing and on an as needs requested basis.

The financial processing section provides processing services utilising the provided applications upon request from a Member Council on a fee for service basis, separate from the core Member Council fees. Each service has a Service Level Agreement with key performance indicators.

The following financial processing services were provided in 2020/21:

- West Daly Regional Council – General Ledger maintenance, Accounts Payable and Receivable, Rates, Payroll, Assets Register maintenance, Records management
- Victoria Daly Regional Council – Rates, Payroll
- Barkly Regional Council – Payroll
- Tiwi Island Regional Council – Rates

It should be noted that the major management and oversight of financial processing services for West Daly Regional Council ceased through the financial year with the relevant parties agreeing to a revised Service Level Agreement reflecting the reduction in services required by the Member Council upon engagement of a Chief Financial Officer directly in the employ of that Member Council.

Management focus was devoted towards strategy, policy compliance and related governance activities. Innovation remained a key area of focus though much of that resource was focussed upon assisting with the preparation of relevant business data on consolidation of network services amongst Member Councils and the ability to provide fit for purpose software for business purposes in a cloud ready environment.

The total direct service fees contributed by members, which are calculated by 50% of the cost being shared equally, and 50% in proportion to the number of users from each member, is as follows:

<u>Service Fees</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
TOTAL	2,613,435	2,678,909	2,745,876

The total fees collected for Financial Processing Services are as follows:

<u>Financial Processing Fees</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
TOTAL	549,267	532,991	597,811

### **System Outages**

In the last year, councilBIZ has had ZERO unscheduled outages.

### **Cyber attacks**

Due to Covid and many organisations moving to work from home environments, councilBIZ have seen increased attempts of various cyber-attacks. These are predominately consisting of email phishing attacks, SMS messaging or brute force on the server infrastructure. councilBIZ takes cyber security very seriously and uses a three tier approach of email, Internet and end point protection for maximum protection. Security updates are performed weekly on all software/hardware and councilBIZ leverages security scans performed by the Northern Territory Government Security Team to ensure system integrity.

### **System Summary**

How many support calls did councilBIZ take over the year? councilBIZ took over 8000 support calls throughout the year.

How many Citrix sessions did councilBIZ support throughout the year? On average councilBIZ hosts approximately 500 concurrent Citrix sessions per day.

The various storage requirements for “G&P” drive storage, Magiq, TechnologyOne, database, email storage, saw regular updates to ensure capacity and latency across the several databases remained at an appropriate level for the number of users across Member Councils.

## CouncilBIZ Financial Highlights

CouncilBIZ continues to be in a healthy financial position with total equity amounting to \$1.9M. Cash at bank is \$1.6M with non-current assets of \$1.0M.

	2020-21	2019-20	Variance	%
Total Operating Revenues	3,347,750	3,224,187	123,563	3.8%
Total Operating Expenses	3,593,593	3,259,472	334,121	10.3%
<b>Net Loss</b>	<b>(245,843)</b>	<b>(35,285)</b>	<b>(210,558)</b>	
Total Assets	2,911,522	3,149,353	(237,831)	-7.6%
Total Liabilities	996,891	988,879	8,012	0.8%
<b>Net Assets/Equity</b>	<b>1,914,631</b>	<b>2,160,474</b>	<b>(245,843)</b>	
Total Cash and Investments	1,627,322	1,530,769	96,553	6.3%

Increase in total operating expenses is mainly attributable to governance consultancy activities and staff turnover during the year.

### Independent Auditor's Report

[To include accounts and audit statements of going concern and cover letter etc as part of the full completed Annual Report – see separate Executive Paper on same

**COUNCILBIZ**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2021**

**DRAFT**



**COUNCILBIZ**

**GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

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**COUNCILBIZ**

**CHIEF EXECUTIVE'S STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

I, the Chief Executive of CouncilBIZ, certify that the Annual Financial Statements:

- a) have been, to the best of my knowledge, information and belief, properly drawn up in accordance with all applicable Australian Accounting Standards, the Local Government Act, Local Government (Accounting) Regulations and the CouncilBIZ Constitution so as to present fairly the financial position of CouncilBIZ and its results for the year ended 30 June 2021; and
- b) are in accordance with the accounting and other records of CouncilBIZ.

\_\_\_\_\_  
Gregory Troughton  
Chief Executive  
Darwin, \_\_\_\_\_





**COUNCILBIZ**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Revenues</b>			
Investment revenue	3(a)	<b>3,076</b>	14,758
Service fee and other operating revenues	3(b)	<b>3,344,674</b>	3,209,429
Total revenues		<b><u>3,347,750</u></b>	<u>3,224,187</u>
<b>Expenses</b>			
Employee costs	4(a)	<b>1,670,752</b>	1,474,352
Depreciation and amortisation expenses	4(b)	<b>376,596</b>	357,055
Contract expenditure	4(c)	<b>803,291</b>	808,177
Other operating expenses	4(d)	<b>742,954</b>	619,888
Total expenses		<b><u>3,593,593</u></b>	<u>3,259,472</u>
<b>Net loss for the year</b>		<b><u>(245,843)</u></b>	<u>(35,285)</u>
Other comprehensive income		-	-
<b>Total Comprehensive Loss</b>		<b><u>(245,843)</u></b>	<u>(35,285)</u>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**COUNCILBIZ**

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	1,627,322	1,530,769
Trade and Other Receivables	6	1,385	2,586
Other Assets	7	<u>228,487</u>	<u>226,450</u>
<b>Total Current Assets</b>		<u><b>1,857,194</b></u>	<u><b>1,759,805</b></u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment, and Intangibles	8	561,887	851,359
Right-of-use Assets	9	470,433	538,189
Other Assets	7	<u>22,008</u>	<u>-</u>
<b>Total Non-Current Assets</b>		<u><b>1,054,328</b></u>	<u><b>1,389,548</b></u>
<b>Total Assets</b>		<u><b>2,911,522</b></u>	<u><b>3,149,353</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	10	163,104	110,175
Lease Liabilities	9	55,232	45,813
Employee Entitlements	11	<u>230,599</u>	<u>230,675</u>
<b>Total Current Liabilities</b>		<u><b>448,935</b></u>	<u><b>386,663</b></u>
<b>Non-Current Liabilities</b>			
Lease Liabilities	9	489,695	549,412
Employee Entitlements	11	36,253	52,804
Other liability		<u>22,008</u>	<u>-</u>
<b>Total Non-Current Liabilities</b>		<u><b>547,956</b></u>	<u><b>602,216</b></u>
<b>Total Liabilities</b>		<u><b>996,891</b></u>	<u><b>988,879</b></u>
<b>NET ASSETS</b>		<u><b>1,914,631</b></u>	<u><b>2,160,474</b></u>
<b>EQUITY</b>			
Asset Replacement Reserve		295,038	295,038
Business Reserve		752,482	752,482
Productivity Reserve		79,880	79,880
Accumulated Surplus		<u>787,231</u>	<u>1,033,074</u>
<b>Total Equity</b>	12	<u><b>1,914,631</b></u>	<u><b>2,160,474</b></u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**COUNCILBIZ**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	<b>Asset Replacement Reserve \$</b>	<b>Business Reserve \$</b>	<b>Productivity Reserve \$</b>	<b>Accumulated Surplus \$</b>	<b>Total \$</b>
Balance at 1 July 2019	295,038	752,482	79,880	1,068,359	2,195,759
Net loss for the year	-	-	-	(35,285)	(35,285)
Other comprehensive income for the year	-	-	-	-	-
Balance at 30 June 2020	295,038	752,482	79,880	1,033,074	2,160,474
Net loss for the year	-	-	-	(245,843)	(245,843)
Other comprehensive income for the year	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>295,038</b>	<b>752,482</b>	<b>79,880</b>	<b>787,231</b>	<b>1,914,631</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**COUNCILBIZ**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021 \$	2020 \$
<b>Cash flow from operating activities</b>			
Receipts from user charges and fees		3,345,875	3,231,730
Interest received		3,076	14,758
Interest payment for lease liability		(29,470)	-
Payments to employees		(1,687,379)	(1,476,273)
Payments for materials and contracts		(1,465,881)	(1,391,002)
<b>Net cash from operating activities</b>	13(b)	<b>166,221</b>	379,213
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(25,777)	(131,000)
Repayment of lease liability		(43,891)	-
Purchase of intangibles		-	(220,120)
Return of security bond		-	8,148
<b>Net cash used in investing activities</b>		<b>(69,668)</b>	(342,972)
Net increase in cash and cash equivalents		<b>96,553</b>	36,241
Cash and cash equivalents at the beginning of the year		<b>1,530,769</b>	1,494,528
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<b>1,627,322</b>	1,530,769

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements of CouncilBIZ, as a not-for-profit entity, are set out below. The financial statements will be presented to the Board on    October 2021 and CouncilBIZ will be authorised to issue for public. These policies have been consistently applied, unless otherwise stated.

##### *The Local Government Reporting Entity*

The consolidated fund through which CouncilBIZ controls resources to carry on its functions has been included in the financial statements forming part of this report.

In the process of reporting on CouncilBIZ as a single unit, all transactions and balances between functional areas have been eliminated. A summary of contributions to the operating result and net assets by function is provided at Note 2(a).

##### *General Information*

CouncilBIZ is a Local Government Subsidiary established under the Local Government Act.

Its members are:

- Local Government Association of the Northern Territory (LGANT)
- Barkly Regional Council
- Central Desert Regional Council
- East Arnhem Regional Council
- MacDonnell Regional Council
- Roper Gulf Regional Council
- Tiwi Islands Regional Council
- Victoria Daly Regional Council
- West Arnhem Regional Council
- West Daly Regional Council

The object of which the CouncilBIZ is established is to carry out functions related to local government on behalf of the Members, and facilitate the efficient provision of services to the Members, including, but not limited to administration, information technology and financial services as may be required from time to time.

#### 2. Basis of Preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Local Government Act and Regulations. CouncilBIZ is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

These financial statements comprise CouncilBIZ financial statements as an individual entity.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars, which is the functional and presentation currency. All amounts have been rounded off to the nearest dollar.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### (a) Adoption of new and revised accounting standards

##### Effective for annual reporting periods beginning on or after 1 July 2020:

The AASB has issued the following new and amended Accounting Standards that have mandatory application during the year which are relevant to CouncilBIZ.

- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework* (effective 1 January 2020)

This amendment amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of Conceptual Framework for Financial Reporting by the AASB.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business* (effective 1 January 2020)

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3: *Business Combinations*, simplifying the determination of whether a transaction should be accounted for as a business combination or as an asset acquisition.

- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform [Phase 1]* (effective 1 January 2020)

This amendment amends specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by interest rate benchmark reform.

- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material* (effective 1 January 2020)

This amendment principally amends AASB 101 and AASB 108 by refining the definition of material by improving the wording and aligning the definition across the standards issues by the AASB.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

##### Standards and amendments issued but not yet effective

- AASB 1060: *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (effective 1 July 2021)

AASB 1060 defines the disclosure requirements for Tier 2 general purpose financial statements, as defined by Australian Accounting Standards, and serves as a replacement for the existing Reduced Disclosure Regime.

AASB 1060 may be early-adopted and is mandatory for periods beginning on or after 1 July 2021 (and is mandatory for the CouncilBIZ's 30 June 2022 year-end).

The AASB has issued other new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to CouncilBIZ. The Board have decided not to early adopt any of the new and amended pronouncements.

#### (b) Revenue Recognition

CouncilBIZ enters into various arrangements where it receives consideration from another party. These arrangements include consideration in the form of user charges and fees and finance processing fees.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

The timing of revenue recognition of these amounts as either revenue or income depends on the rights and obligations in those arrangements.

#### **Revenue from contract with customers**

Where CouncilBIZ has a contract with a customer, CouncilBIZ recognises revenue when or as it transfers control of goods or services to the customer. CouncilBIZ accounts for an arrangement as a contract with a customer if the following criteria are met:

- the arrangement is enforceable; and
- the arrangement contains promises (that are also known as performance obligations) to transfer goods or services to the customer (or to other parties on behalf of the customer) that are sufficiently specific so that it can be determined when the performance obligation has been satisfied.

#### (i) Services fee revenue

Service fee revenue is recognised when the promised goods or services transfer to the customer.

#### (ii) Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### (iii) Sale of property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has passed from CouncilBIZ.

#### (c) Income Tax

CouncilBIZ is exempt from Income Tax under section 50-25 of the Income Tax Assessment Act 1997.

#### (d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

#### (e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of readily convertible to known amounts of cash and which are subject to an insignificant risk of changes three months or less.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### (f) Trade and other receivables

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### (g) Property, plant and equipment

All property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

In the event the carrying amount of property, plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to CouncilBIZ and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Items of property, plant and equipment acquired for nil or nominal consideration are recorded at the acquisition date fair value and subsequently carried at cost less, where applicable, any accumulated depreciation and impairment.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment	3 to 11 years
Furniture and fittings	3 to 11 years
Infrastructure	3 to 11 years

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to CouncilBIZ. Gains and losses between carrying amount and the disposal proceeds are taken to profit or loss.

#### (h) Intangibles

Intangible assets acquired are recorded at cost less accumulated amortisation. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each reporting period, with any changes in this accounting estimates being accounted for on a prospective basis.

Software is recorded at cost and the useful life is assessed as being five years and is carried at cost less accumulated amortisation and any impairment losses. It is assessed annually for impairment.

#### (i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

#### **(j) Leases**

##### **The entity as lessee**

At inception of a contract, CouncilBIZ assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the entity where the entity is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

#### **(k) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to CouncilBIZ prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **(l) Employee Provisions**

##### *Short-term employee provisions*

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, sick leave and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### *Other long-term employee provisions*

Provision is made for employees' long service leave not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high-quality bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

The entity's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee provisions.

#### **(m) Goods and services tax**

Revenues, expenses are recognised net of Goods and Service Tax (GST) except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### **(n) Financial Instruments**

##### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component.

##### **Classification and subsequent measurement**

###### *Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at fair value, amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

#### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

The entity initially designates financial instruments as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance to the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of an entity of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

#### **Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.



## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

#### **Impairment**

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity used the simplified approach to impairment, as applicable under AASB 9: *Financial Instruments*.

#### *Simplified approach*

The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.



## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

This approach is applicable to trade and other receivables or contract assets that result from transactions that are within the scope of AASB 15 : *Revenue from Contracts with Customers*, and which do not contain a significant financing component

#### *Recognition of expected credit losses in financial statements*

At each reporting date, the entity recognised the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. An amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period. For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

#### **(o) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the entity retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

#### **(p) Critical Accounting Estimates and Judgements**

The key assumptions concerning the future and other key sources of estimation uncertainty at financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### *i. Estimation of useful lives of property, plant and equipment and intangibles*

CouncilBIZ determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangibles. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Net book value of property, plant and equipment and intangibles amounted to \$561,887 as at 30 June 2021 (\$851,359 in 2020).

##### *ii. Impairment of property, plant and equipment and intangibles*

CouncilBIZ assesses impairment of non-current assets at each reporting date by evaluating conditions specific to CouncilBIZ and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. No impairment loss is recognised as at 30 June 2021 (nil in 2020).

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### *iii. Long Service Provision*

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates, pay increases through promotion and inflation have been taken into account. Long service leave provision recognised amounted to \$91,588 as at 30 June 2021 (\$91,946 in 2020).

#### *iv. Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised are a key management judgement that the entity will make. The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the entity. There are no changes to the lease term used in determining the lease liability balance since the previous reporting period.

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**2(a) Components of functions**

Revenues, expenses and assets have been attributed to the following functions/activities. Details of these functions/activities are provided at Note 2(b).

	<b>GENERAL PUBLIC SERVICES</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING REVENUES</b>		
User Charges and fees:		
- Barkly Regional Council	312,084	304,303
- Central Desert Regional Council	334,129	322,319
- East Arnhem Regional Council	323,670	315,889
- MacDonnell Regional Council	348,480	357,562
- Roper Gulf Regional Council	414,683	400,070
- Tiwi Islands Regional Council	265,285	254,863
- Victoria Daly Regional Council	267,651	272,936
- West Arnhem Regional Council	282,598	257,433
- West Daly Regional Council	197,296	193,534
	<b>2,745,876</b>	<b>2,678,909</b>
Finance Processing fees		
- Barkly Regional Council	84,672	77,499
- Tiwi Islands Regional Council	63,931	53,991
- Victoria Daly Regional Council	78,739	71,860
- West Daly Regional Council	370,469	329,641
	<b>597,811</b>	<b>532,991</b>
Investment revenue	3,076	14,758
Other income	987	(2,471)
<b>TOTAL REVENUES</b>	<b>3,347,750</b>	<b>3,224,187</b>
<b>OPERATING EXPENSES</b>		
Employee Costs	1,670,752	1,474,352
Materials and Contracts	803,291	808,177
Depreciation and amortisation	376,596	357,055
Other operating expenses	742,954	619,888
<b>TOTAL EXPENSES</b>	<b>3,593,593</b>	<b>3,259,472</b>
<b>TOTAL OPERATING DEFICIT</b>	<b>(245,843)</b>	<b>(35,285)</b>
<b>Property, Plant and Equipment and Intangibles</b>	<b>561,887</b>	<b>851,359</b>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

**2(b) Component of functions**

The activities relating to CouncilBIZ functions reported on in Note 2(a) are as follows:

**General Public Services**

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>3. Operating Revenues</b>		
(a) Investment revenue		
Interest on bank deposits	<b>3,076</b>	14,758
<b>Total investment revenue</b>	<b>3,076</b>	14,758
(b) Service fee and other operating revenues		
Service fee income	<b>3,343,687</b>	3,211,900
Other income or loss	<b>987</b>	(2,471)
<b>Total service fee and other operating revenue</b>	<b>3,344,674</b>	3,209,429
<b>4. Operating Expenses</b>		
(a) Employee costs (ordinary)		
Salaries and wages	<b>772,380</b>	716,671
Employee leave benefits	<b>194,909</b>	137,207
Superannuation	<b>87,877</b>	79,119
Staff training costs	<b>17,336</b>	10,688
Other	<b>41,779</b>	15,745
<b>Total employee costs (ordinary)</b>	<b>1,114,281</b>	959,430
Employees costs (financial processing)		
Salaries and wages	<b>402,683</b>	391,349
Employee leave benefits	<b>102,352</b>	72,709
Superannuation	<b>45,110</b>	44,159
Other	<b>6,326</b>	6,705
<b>Total employee costs (financial processing)</b>	<b>556,471</b>	514,922
<b>Total employee costs</b>	<b>1,670,752</b>	1,474,352
(b) Depreciation and amortisation expenses		
Infrastructure	<b>118,698</b>	125,132
Furniture and fittings	<b>14,975</b>	11,905
Intangibles	<b>181,576</b>	181,576
Right-of-use assets	<b>61,347</b>	38,442
<b>Total depreciation and amortisation expenses</b>	<b>376,596</b>	357,055
(c) Contract expenditure		
Operating lease expense property	<b>19,022</b>	79,024
Software license maintenance and development	<b>238,885</b>	203,257
Server management	<b>545,384</b>	525,896
<b>Total contract expenditure</b>	<b>803,291</b>	808,177

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
(d) Other operating expenses		
Audit fees	15,189	15,450
Communication expenses	134,097	125,880
Consulting fees	430,233	286,327
Insurance	32,236	40,689
Interest expense on lease liabilities	29,470	18,594
Training and development	-	3,584
Travel, accommodation & airfares	15,769	14,408
Utilities	25,215	18,769
Other expenses	60,745	84,384
Other financial processing expenses	-	11,803
<b>Total other operating expenses</b>	<u>742,954</u>	<u>619,888</u>
<b>5. Cash and cash equivalent</b>		
Cash at bank	1,626,995	1,530,269
Petty cash	327	500
<b>Total cash and cash equivalents</b>	<u>1,627,322</u>	<u>1,530,769</u>
<b>6. Trade and other receivables</b>		
Trade receivables	713	-
Accrued revenue	672	2,586
<b>Total trade and other receivables</b>	<u>1,385</u>	<u>2,586</u>
<b>7. Other Assets</b>		
Current		
Prepayments	228,487	226,450
<b>Total other current assets</b>	<u>228,487</u>	<u>226,450</u>
Non-current		
Security deposit	22,008	-
<b>Total other non-current asset</b>	<u>22,008</u>	<u>-</u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
<b>8. Property, Plant and Equipment and Intangibles</b>		
<i>Infrastructure</i>		
Cost	735,153	709,376
Accumulated Depreciation	(568,163)	(449,465)
	<u>166,990</u>	<u>259,911</u>
<i>Furniture and fittings</i>		
Cost	182,715	182,715
Accumulated Depreciation	(68,042)	(53,067)
	<u>114,673</u>	<u>129,648</u>
<i>Plant and equipment</i>		
Cost	1,928	1,928
Accumulated Depreciation	(1,928)	(1,928)
	<u>-</u>	<u>-</u>
<i>Intangibles</i>		
Cost	914,987	914,987
Accumulated Depreciation	(634,763)	(453,187)
	<u>280,224</u>	<u>461,800</u>
<b>Total Property, Plant and Equipment, and Intangibles</b>	<u><u>561,887</u></u>	<u><u>851,359</u></u>

COUNCILBIZ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

8. Property, Plant and Equipment and Intangibles (cont.)

	2020 \$			CARRYING AMOUNT MOVEMENTS DURING THE YEAR \$				2021 \$		
	At Cost	Accumulated Depreciation/ Amortisation	Carrying Value	Asset Purchases	Asset Disposal (Cost)	Depreciation/ Amortisation Expense	Asset Disposal (depreciation/ amortisation)	At Cost	Accumulated Depreciation/ Amortisation	Carrying Value
UNRESTRICTED										
Infrastructure	709,376	(449,465)	259,911	25,777	-	(118,698)	-	735,153	(568,163)	166,990
Furniture and fittings	182,715	(53,067)	129,648	-	-	(14,975)	-	182,715	(68,042)	114,673
Plant and equipment	1,928	(1,928)	-	-	-	-	-	1,928	(1,928)	-
<b>Total Property, Plant and Equipment</b>	<b>894,019</b>	<b>(504,460)</b>	<b>389,559</b>	<b>25,777</b>	<b>-</b>	<b>(133,673)</b>	<b>-</b>	<b>919,796</b>	<b>(638,133)</b>	<b>281,663</b>
Intangibles	914,987	(453,187)	461,800	-	-	(181,576)	-	914,987	(634,763)	280,224
<b>TOTAL UNRESTRICTED</b>	<b>1,809,006</b>	<b>(957,647)</b>	<b>851,359</b>	<b>25,777</b>	<b>-</b>	<b>(315,249)</b>	<b>-</b>	<b>1,834,783</b>	<b>(1,272,896)</b>	<b>561,887</b>

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Leases**

CouncilBIZ entered into a new agreement related to office lease on 1 October 2019 and were granted rent free period for 10 months. The previous lease agreement ended 31 August 2019 and lease payments made after that were on monthly basis therefore recognized as short term lease expense.

	2021 \$	2020 \$
<b>Right-of-Use Assets</b>		
Beginning balance	538,189	-
Additions	-	576,631
Adjustments	(6,409)	-
Amortisation expense	(61,347)	(38,442)
<b>Ending balance</b>	<b>470,433</b>	<b>538,189</b>
<b>Lease Liabilities</b>		
Beginning balance	595,225	-
Additions	-	576,631
Adjustments	(6,407)	-
Interest expense	29,470	18,594
Lease payments	(73,361)	-
<b>Ending balance</b>	<b>544,927</b>	<b>595,225</b>
Current lease liability	55,232	45,813
Noncurrent lease liability	489,695	549,412
<b>Total lease liability</b>	<b>544,927</b>	<b>595,225</b>

Maturity analysis of lease liabilities:

	Up to 3 Months \$	Between 3 and 12 Months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$
At 30 June 2021	13,562	41,670	57,925	191,278	240,492
At 30 June 2020	6,238	39,575	55,013	181,663	312,736

	2021 \$	2020 \$
<b>10. Trade and other payables</b>		
Trade payables	68,241	22,633
Accrued expenses	60,760	74,595
Payable to ATO	34,103	12,947
	<b>163,104</b>	<b>110,175</b>

**11. Employee entitlements**

Annual leave (current)	175,264	191,533
Long service leave (current)	55,335	39,142
Total current Employee Entitlements	<b>230,599</b>	<b>230,675</b>
Long service leave (non-current)	36,253	52,804
Total Employee Entitlements	<b>266,852</b>	<b>283,479</b>



**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
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	2021	2020
	\$	\$
<b>12. Equity and reserves</b>		
Asset replacement reserve	295,038	295,038
Business reserve	752,482	752,482
Productivity reserve	79,880	79,880
Accumulated surplus	787,231	1,033,074
<b>Total Equity and Reserves</b>	<b>1,914,631</b>	<b>2,160,474</b>

**Productivity reserve**

The productivity reserve is for the upgrade and replacement of Microsoft desktop software.

**Business reserve**

The business reserve is for the upgrade and implementation of the business software used by Members.

**Asset replacement reserve**

The asset replacement reserve is for the replacement of the core hardware and operating system software.

**13. Statement of cash flows reconciliation**

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2021	2020
	\$	\$
Cash on hand and at bank	1,627,322	1,530,769
Balance per Statement of Cash Flows	<b>1,627,322</b>	<b>1,530,769</b>
(b) Reconciliation of net deficit for the year to net cash flows provided by operating activities		
Net deficit for the year	(245,843)	(35,285)
Add back non-cash items:		
Depreciation and amortisation expense	376,596	357,055
Loss on disposal of property, plant and equipment	-	3,654
Finance cost	-	18,594
	<b>130,753</b>	<b>344,018</b>
Change in assets and liabilities during the year:		
Movement in trade and other receivables	1,201	15,713
Movement in other assets	(24,045)	2,933
Movement in trade and other payables	74,939	18,470
Movement in provisions	(16,627)	(1,921)
Net cash provided by operating activities	<b>166,221</b>	<b>379,213</b>

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(c) Non-cash financing and investing activities

CouncilBIZ does not have any other non-cash financing and investing activities.

(d) Financing facilities

CouncilBIZ does not have any financing facilities or arrangements in place.

#### 14. Commitments for expenditure – operating lease

CouncilBIZ does not have operating lease commitments as at 30 June 2021 and 2020.

#### 15. Financial Risk Management

(a) General objectives, policies, and processes

In common with all other businesses, CouncilBIZ is exposed to risks that arise from its use of financial instruments. This note describes CouncilBIZ objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in CouncilBIZ exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

CouncilBIZ holds the following financial instruments:

	2021	2020
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,627,322	1,530,769
Trade and other receivables	1,385	2,586
Other assets – security deposit	22,008	-
	<u>1,650,715</u>	<u>1,533,355</u>
<b>Financial liabilities</b>		
Trade and other payables*	151,009	97,228
	<u>151,009</u>	<u>97,228</u>

\*Excluding statutory obligations

CouncilBIZ had no financial instruments that are carried at fair value as at 30 June 2021 and 2020.

The Chief Executive has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. CouncilBIZ risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of CouncilBIZ where such impacts may be material. The Chief Executive receives monthly reports from management through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies set.

The overall objective of the Chief Executive is to set policies that seek to reduce risk as far as possible without unduly affecting CouncilBIZ flexibility. Further details regarding these policies are set out in the succeeding pages.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in CouncilBIZ incurring a financial loss. Credit risk arises from cash assets and deposits with

**COUNCILBIZ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021**

financial institutions, as well as credit exposures to CouncilBIZ outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. The maximum exposure to credit risk at the end of the reporting period is as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	<b>1,627,322</b>	1,530,769
Trade and other receivables	<b>1,385</b>	2,586
Other assets – security deposit	<b>22,008</b>	-
	<b>1,650,715</b>	1,533,355

(c) Liquidity Risk

Vigilant liquidity risk management requires CouncilBIZ to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. CouncilBIZ manages liquidity risk by maintaining adequate cash reserves by continually monitoring actual forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Maturity Analysis – 2021**

<b>Financial Liabilities</b>	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>&lt; 6 mths</b>	<b>6-12 months</b>	<b>1-3 years</b>	<b>&gt; 3 years</b>
	\$	\$	\$	\$	\$	\$
<b>Non-interest bearing</b>						
Trade and other payables	151,009	151,009	151,009	-	-	-
<b>TOTAL</b>	<b>151,009</b>	<b>151,009</b>	<b>151,009</b>	-	-	-
<b>Financial Assets</b>						
	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
Trade and other receivables	1,385	1,385	1,385	-	-	-
<b>TOTAL</b>	<b>1,385</b>	<b>1,385</b>	<b>1,385</b>	-	-	-

Maturity Analysis – 2020

<b>Financial Liabilities</b>	Carrying Amount	Contractual Cash flows	< 6 mths	6-12 mths	1-3 years	> 3 years
	\$	\$	\$	\$	\$	\$
<b>Non-interest bearing</b>						
Trade and other payables	97,228	97,228	97,228	-	-	-
<b>TOTAL</b>	97,228	97,228	97,228	-	-	-
<b>Financial Assets</b>						
	\$	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
Trade and other receivables	2,586	2,586	2,586	-	-	-
<b>TOTAL</b>	2,586	2,586	2,586	-	-	-

(d) Market Risk

*i. Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that expose the entity to interest rate risk are limited to cash and cash equivalents.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### ii. Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

The entity has no financial instruments whose future cash flows are affected by market prices.

#### Sensitivity analysis

Changes in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the entity's profit or loss and equity.

	Profit or loss and equity	
	100 basis points increase	100 basis points decrease
	\$	\$
<b>30 June 2021</b>		
Financial assets – cash at bank	16,270	(16,270)
<b>Total sensitivity</b>	<b>16,270</b>	<b>(16,270)</b>
30 June 2020		
Financial assets – cash at bank	15,303	(15,303)
Total sensitivity	15,303	(15,303)

#### 16. Contingent Liabilities

CouncilBIZ had no contingent liabilities as at 30 June 2021 (nil in 2020).

#### 17. Events Subsequent to end of Reporting Date

On 5 October 2021, one of four member Councils under the financial processing service level agreement (SLA) have submitted a termination letter effective 5 December 2021. The impact of the termination will be a reduction in total financial processing fees of about \$130,000. Further, it should be noted that all SLA's are expiring on 30 June 2022. Management is currently working with the Board on measures to mitigate this loss. There are no foreseen changes in the core services.

There are no other matters that have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results of operations and the state of affairs of CouncilBIZ in subsequent financial years.

The carrying amount of assets and liabilities as recorded in the financial statements and the realisation and settlement amounts of assets and liabilities have not changed materially since end of reporting date.

## COUNCILBIZ

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

#### 18. Related Party Transactions

##### Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.

	2021	2020
	\$	\$
Key management personnel compensation		
- short-term employee benefits	222,535	179,784
	222,535	179,784

The short-term employee benefits relate to the remuneration of the Chief Executive. This is comprised of the consulting fees paid to the former Chief Executive whose consultancy contract ended in early July 2021 and the salary of the new Chief Executive who is employed at the end of June 2021.

There are no outstanding balances related to key management personnel compensation in 2021 and 2020.

##### Transactions with members

The following table provides quantitative information about related party transactions entered into during the year with CouncilBIZ.

30 June 2021:

	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Related Party Members	3,343,687	15,859	713	27,594

30 June 2020:

	Revenue from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Related Party Members	3,211,900	-	-	14,706

The revenue from related parties is presented as Service fee income in Note 3(b). The payments to related parties and the outstanding amount owed to related parties pertain to the long service leave entitlement of former CouncilBIZ employees who transferred employment to member councils. The amounts owed by related parties is included as part of Trade receivables (Note 6) and the amounts owed to related parties is included as part of Trade creditors (Note 10).

##### Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

CouncilBIZ has not identified any other related party transaction of this nature.